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Initial Audit Staff Training Schools

Should Some Audit Experience Come First?

By Tim Kelley

When is the ideal time to have staff auditors attend an initial audit staff training school? While most all larger CPA firms have a few initial days of training to teach their new auditors the workpaper techniques used by the firm, the timing of the one- to two-week initial staff training school varies. Some larger firms have the policy of having as many of their auditors as possible attend the initial audit staff training school before receiving any audit experience; other firms attempt to arrange this training school so that most auditors will have several months of audit experience before attending the training school. Still other firms have no set policy concerning the timing of the initial staff training school and allow the timing of audit jobs and hire dates to dictate the sequence of the training school and audit experience.

This article presents the results of a recent study concerning the relative effectiveness of the different training practices. Three offices of Big Eight firms in a large southwestern city agreed to participate in the study. The firms had different philosophies concerning the timing of the initial audit staff training school, but their approaches could be generally classified as (1) having experience first, (2) having training first, and (3) having no set policy.

Only auditors with one to three years of experience took part in the current study. Auditors with less than one year of experience were assumed to be "too close" to their initial training to objectively measure its effectiveness, while auditors with more than three years of experience were thought to be less able to remember their initial training

school and its impact on their performance.

Questionnaires were mailed to a randomly selected sample of 150 auditors in the three participating firms. Responses were received from 111 auditors, yielding a 74% response rate. This high response rate was obtained perhaps because of the shortness of the questionnaire and the assurance of complete anonymity to respondents. Table 1 summarizes the responses of each firm.

Interviews held prior to the study with the training director in each office indicated that Firm 1 had an "experience first" philosophy, Firm 2 had no set policy and Firm 3 had a "training first" philosophy. The data in Table 1 indicate agreement between firm policy and auditor responses although it is interesting to note that the actual timing of the training for over 20% of the Firm 1 and Firm 3 auditors did not coincide with firm policy. Needless to say, practical considerations sometimes call for scheduling training when it is convenient, even in firms with a

set policy concerning the timing of the training school.

Results

Auditors were asked whether they believed that training should precede any experience or whether some experience should precede the initial audit staff training school. As seen in Table 2, of the 41 auditors who had had experience first, 66% agreed that audit experience should precede the initial audit staff training school. In comparison, 56% of the 70 training-first auditors agreed that audit experience should precede formal training.

The results in Table 2 indicate that the experience-first auditors were more likely to support the experience-first training strategy than the training-first auditors. A bias toward the experience-first strategy by experience-first auditors is not particularly surprising. That the training-first auditors also favored the experience-first strategy by a slight margin is suggestive that it may be the superior training strategy. Interestingly, the amount of perceived favorability of the experience-first strategy varied with the firms. While 76% of the experience-first auditors in Firm 1 favored the experience-first strategy, only 50% of the Firm 3 experience-first auditors favored this strategy. It appears that the respondents tended to favor the training policy of their firm. (Recall that the policy of Firm 1 was to have experience first and the policy of Firm 3 was to have training first.)

Auditors were also asked in an open-ended question why they believed that an "experience first" or "training first" approach should be

TABLE 1
Training Strategy Experienced by Respondents

Training Strategy Experienced	Firm 1 (n=23)	Firm 2 (n=38)	Firm 3 (n=50)
Experience First	74%	37%	20%
Training First	26%	63%	80%

NOTE: 150 questionnaires were mailed (40 to Firm 1, 50 to Firm 2, and 60 to Firm 3). With 111 responses (i.e., 23 + 38 + 50), the response rate was 74%.

TABLE 2

**Auditors' Attitudes Towards
the Desirability of the Training-First
and Experience-First Strategies**

Attitude Toward Training Strategy	Experience- First Auditors (n=41)	Training- First Auditors (n=70)
Prefer Experience- First Strategy	66%	56%
Prefer Training- First Strategy	34%	44%

used. (See page 22 for a sample of these responses.) The basic theme of the auditors who believed that experience should precede training is that experience is needed to get the full long-run benefit of formal staff training. These auditors also stressed that there is too much material to absorb in the initial training school without having had any prior work experience. On the other hand, auditors who favored formal training before experience mostly stressed the confidence and reduc-

tion in anxiety that new auditors would have as a result of having had formal training precede experience. Also, some of these auditors mentioned that the training-first strategy enables the new auditor to get a complete overview of an audit before actually beginning to work on "bits and pieces" of audits.

Auditors were asked to evaluate their performance on their first audit. It might be expected that auditors without the benefit of the initial audit staff training school would have been more likely to have struggled on their initial audit. However, the data in Table 3 indicate that the experience-first auditors were no more likely to have struggled or floundered on their initial audit than the training-first auditors. These self-reported evaluations must be viewed with some caution, but they do provide some evidence that experience-

first auditors can perform the tasks required (at least on their initial audit) as well as training-first auditors.

The tabulations provide some evidence in favor of the experience-first training philosophy. Two final questions were asked concerning the optimal length of audit experience before attending the initial audit staff training school. Experience-first auditors were asked whether they had had more than three months of audit experience before attending the initial staff training school. In addition, these auditors were asked to assess the benefit that they had received from the training. The results in Table 4 suggest that auditors should receive more than three months of audit experience before attending the initial audit staff training school.

Most auditors with less than three months of experience (52%) felt that they had "benefited from the training, but probably no more so than did those who had no experience." Apparently, most of these experience-first auditors did not have enough prior experience to give them any additional benefit from the training.

On the other hand, most auditors with more than three months of experience prior to the initial training school (67%) believed that they had "benefited greatly from the training, probably more so than did the people in my training classes who had no experience." A possible reason

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TABLE 3

**Relationship Between
Training Strategy Experienced
and Performance on First Audit**

Performance on First Audit	Experience- First Auditors (n=41)	Training- First Auditors (n=70)
"I floundered but somehow survived."	5%	7%
"I struggled but performed satisfactorily."	34%	39%
"I experienced few difficulties and performed satisfactorily."	29%	26%
"I performed at a level that was probably above average."	32%	28%

TABLE 4
Length of Prior Auditing Experience
Compared to the Perceived Usefulness
of the Initial Training School

Attitudes Towards the Initial Training School	Experience-First Auditors who had 3 Months or Less of Prior Experience (n=23)	Experience-First Auditors who had More than 3 Months of Prior Experience (n=18)
"I benefited greatly from the training, probably more so than did the people in my training classes who had no experience."	39%	67%
"I benefited from the training, but probably no more so than did those who had no prior experience."	52%	22%
"I was bored; I wish that I had had my training prior to getting audit experience."	9%	11%

for this belief is that auditors with more experience, having worked on many of the areas being discussed in formal training, may have benefited more from the training because they were better able to integrate the various audit areas being covered.

The basic theme of the auditors who believed that experience should precede training is that experience is needed to get the full long-run benefit of formal staff training.

Conclusions

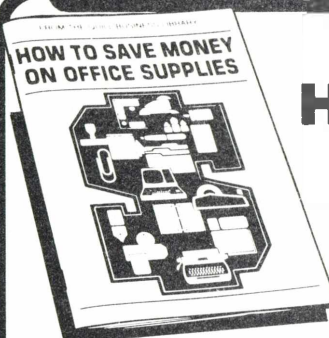
The results of this study provide some evidence in support of an experience-first training strategy. In fact, there is evidence that auditors should receive at least three months of audit experience before attending the initial audit staff training school.

Most auditors surveyed indicated support for the experience-first strategy. The auditors favoring this strategy most frequently mentioned that

the learning process during the training school is enhanced by having prior experience. On the other hand, auditors who favored a training-first strategy most frequently mentioned the importance of reducing the anxiety of auditors on their initial audits. This study also provides evidence that experience-first auditors are not more likely than training-first auditors to struggle or flounder on their initial audit.

As with any survey, this study has its limitations. All data were provided by auditors responding to the questionnaire, and only three offices of Big Eight firms in one large southwestern city participated in this study. Though the results cannot be generalized to all Big Eight firm offices, the consistent support for an experience-first strategy in this study suggests that this approach may have more merit than the training-first strategy. Further research is needed, however, before these results can be generalized. Ω

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A sample of the responses to the question:

Which is better? Experience first or training first?

EXPERIENCE-FIRST AUDITORS

Agree with strategy —

"Without experience, the training would have gone over my head."

"I could spend less time during training on audit workpaper techniques. I could concentrate on what to look for in trying to approach various problems."

"Training remains a 'textbook like' class with no experience. Some limited exposure is needed."

"Theory is often not remembered without practical application to associate it with."

Disagree with strategy —

"It would have made my first three months of work much easier knowing the firm's approach."

"There is not time usually on a job to spend a lot of time telling you why to do something. Prior training would be helpful."

"I would have had more confidence on my first job with prior training."

TRAINING-FIRST AUDITORS

Agree with strategy —

"Training can give an overall view of an audit. This is important because on my first audits I worked on bits and pieces of the audit."

"Training should come first because, in the field, pressure regarding time budgets and billing rates comes into play."

"Training helps the transition from college and builds confidence."

"Prior experience will prejudice and hinder the formal training program."

"With the experience-first approach, there would be too much anxiety for the assistant, too much work for the senior."

Disagree with strategy —

"Training is hard to absorb and relate to without any visual concept of audit work papers and audit techniques."

"Half the time, I had no idea what they were talking about, which made it hard to absorb the material."

"Experience would have helped the transition from college."

"Training was intense. Prior exposure to workpaper techniques would have been helpful."

"If part of formal training is reinforcement, it makes it easier to retain the material that is new."